COUNTRY: UGANDA

PROJECT NAME: BUJAGALI HYDROELECTRIC POWER PROJECT

SECTOR: Power

CONTRIBUTION OF ADB: US DOLLAR 110 MILLION

PROJECT DESCRIPTION: The Bujagali Interconnection Project (BIP) is part of a bigger initiative which also includes the Bujagali Hydropower Station (BHS) Project. The project will consist of a construction of (a) 75 km of 220 kV transmission line and (b) 25 km of 132 kV transmission line, (ii) erection of one 132 kV substation, (iii) extension of one 132 kV substation, (iv) resettlement/compensation, (v) consultancy services for supervision and audit.

The project aims to meet the energy needs of Uganda’s population for social and economic development in an environmentally sustainable manner. It will provide adequate transmission capacity for evacuation of power from Bujagali Power Station to one existing and future distribution companies, thereby increasing access to cheaper and more reliable electricity supply.

PROJECT BENEFITS: By enabling the injection of cheaper hydropower from the BHS into the grid, the BIP will have diverse and significant development impact. First, the project will restore adequate and reliable electricity supply to the country as well as the financial sustainability of the power sector. When the BHS is commissioned in 2011, supply from the country’s power stations will comfortably exceed electricity demand resulting in a reduction of the annual number of days of power rationing from 365 to less than 2. Businesses will no longer need to invest in and incur expenses for the operation of standby generators. The available 15 financial resources would instead be used to expand their activities resulting in the creation of jobs and economic growth at the national level.

Second, the project will contribute to poverty reduction and attainment of the Millennium Development Goals through improving the Ugandan population’s access to electricity, which in turn will facilitate water supply, health care delivery, education and rural development. Besides providing a convenient means of lighting, electricity is essential for the operation of equipment in hospitals, schools and water installations. It also improves the productivity of rural enterprises and the agro-processing potential of farmers. The availability of additional power supply as a result of the project will enable the REA to provide electricity to some 220,000 new rural consumers by 2012 through distribution networks connected to the UETCL system. In addition, by the same year, UMEME will be able to distribute power to 60,000 new consumers.

Project brief 2007